City of Lafayette Staff Report

For:	City Council
By:	Tracy Robinson, Administrative Services Director
Date Written:	**October 7, 2008**
Meeting Date:	October 14, 2008
Subject:	Summary of City Investments

In light of the recent turmoil in the financial markets, City staff has undertaken a review of our current investments to determine if they are at risk.

The City's current portfolio is invested as follows:

Local Agency Investment Pool (LAIF)	$22,982,788
Federal Agency Bonds	2,992,497
FNMA Disc Notes	2,504,715
Money Market Pool (CAMP)	4,036,825
Money Market Pool (WFB)	399,266
TOTAL	$32,916,091

The investments in CAMP and WFB are not invested in any of the instruments with exposure to sub-prime mortgages. These are Redevelopment bond proceeds that we are keeping liquid in order to continue funding library construction.

LAIF currently has investments in structured notes and asset-backed securities, including mortgage backed securities, however, they represent a very small percentage of the overall investment portfolio.

The Federal Agencies, which we have invested with PFM, have heretofore have been the "gold standard" of safe investments. Since the government stepped in to guarantee the payment to senior debt holders for Fannie Mae, the ratings on those investments have actually increased and PFM is still actively putting investors into that instrument. It is apparently the stockholders of Fannie & Freddie that may be significantly hurt by the most recent meltdown of those institutions.

Staff believes that the City's investments are in relatively conservative instruments are in line with the City's policy to value safety over yield.

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